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Tourism Development Spells Good News for U.S. Suppliers

Report Categories:

HRI Food Service Sector

Market Development Reports

Promotion Opportunities

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Report Highlights:

The Bahamas is enjoying significant investment in large new tourism projects, which are already underway. These new tourism developments promise to greatly increase visitor inflows beyond the 5 million tourists that flock to these islands annually. Consequently, opportunities for U.S. suppliers, who already possess a 95 percent share of the Bahamian market for foodstuffs, are expected to expand. What remains to be seen is whether these new investments will help improve tourism inflows to the entire Caribbean or if The Bahamas will simply obtain a larger slice of the region's tourism pie.

General Information:

The Bahamian Market for U.S. Agricultural Products

Although the estimated 700 islands and cays that make up The Bahamas cover a rather large geographic area, the land mass of the islands is a mere 3,865 sq. miles (10,010 sq. km), which is slightly smaller than Connecticut. The population of the islands is also quite small. A total of 313,312 people (July 2011 estimate) inhabit the islands, with close to 80 percent of the population concentrated in the island of New Providence, which is home to the capital city of Nassau. Despite its small size, The Bahamas is an excellent market for U.S. farm products, particularly for consumer-oriented goods. In fact, The Bahamas is one of the largest markets in the entire Caribbean for U.S. consumer-oriented products, second only to the Dominican Republic, which has a population of nearly 10 million. The \$185 million in consumer-oriented goods that the United States exported to The Bahamas in 2010 ranked 33rd out of 193 countries.

So why is this small island chain such a magnet for U.S. foods? Several factors converge to make The Bahamas a prime export destination for U.S. food suppliers.

- Proximity to the United States: main markets such as Freeport and Nassau are within 100 and 200 miles, respectively, from the southeast coast of Florida, which is a major export hub for U.S. foods.
- The Bahamas has very limited domestic agricultural production. Agriculture and fisheries together account for about two percent of GDP. Thus, The Bahamas depends on food imports, which represent about 80 percent of its food consumption.
- The Bahamas is one of the most popular tourist destinations in the Caribbean, attracting 1.37 million stop-over visitors in 2010. These stop-over visitors are the driving force behind demand in the food service sector.
- U.S. tourists represent 80 percent of all stop-over visitors, ensuring a strong demand for U.S. products.
- The Bahamas is the number one cruise ship destination in the entire Caribbean. Although cruise ship passengers generally consume most of their meals on-board, the roughly 4 million passengers disembarking on Bahamian shores annually also help boost demand for food and beverages on the islands to some degree.
- The Bahamas has one of the highest per capita incomes in the Western hemisphere -GDP per capita

(ppp) was \$28,700 in 2010.

- The Bahamas regulatory environment is quite receptive to U.S. products.

U.S. trade data indicates that in 2010 the United States exported \$263.5 in agricultural, fish and forestry products to The Bahamas, of which 70 percent were consumer-oriented foods.

U.S. Agricultural Exports to The Bahamas
(In Thousands of Dollars)

				Jan-May	Jan-May	
Product	2009	2010		2010	2011	%
	Value	Value		Value	Value	Change
Bulk Total	12,669	10,857		5,084	4,286	-16
Intermediate Total	19,755	17,905		7,296	8,119	11
Consumer Oriented Total	183,887	185,228	*	77,605	80,237	3
Red Meats, FR/CH/FR	24,948	30,953	*	12,137	12,717	5
Poultry Meat	25,986	26,690	*	11,096	10,213	-8
Other Consumer Oriented	29,756	22,378		9,771	9,658	-1
Dairy Products	21,244	20,898		9,032	10,686	18
Snack Foods	17,170	17,650	*	7,943	8,019	1
Fruit & Vegetable Juices	12,186	14,727	*	5,269	5,868	11
Processed Fruit & Vegetables	10,427	9,549		4,192	4,560	9
Wine and Beer	7,472	7,819		3,457	3,878	12
Red Meats, Prep/Pres	7,087	* 6,820		2,778	2,910	5
Breakfast Cereals	5,025	6,043	*	2,580	2,687	4
Fresh Fruit	5,793	5,853		2,931	2,535	-14
Fresh Vegetables	4,772	4,930		2,001	2,252	13
Nursery Products	5,599	4,411		1,770	2,303	30
Pet Foods	3,763	* 3,352		1,360	961	-29
Eggs & Products	2,077	2,676	*	1,090	759	-30
Tree Nuts	584	480		197	232	18
Fish Products	7,652	* 7,190		3,292	3,259	-1
Forest Products	45,925	42,332		16,064	16,720	4
Other Value-Added Wood Prod	27,788	22,117		7,850	8,883	13
Softwood and Treated Lumber	8,902	7,804		3,548	2,672	-25
Panel Products (Incl Plywood)	5,231	6,410		2,590	2,645	2
Logs and Chips	2,092	4,563		1,628	1,540	-5
Hardwood Lumber	1,913	1,438		447	980	119
TOTAL AG, FISH & FORESTRY	269,887	* 263,512		109,340	112,620	3

* Denotes highest export level since at least 1970.

Source: Department of Commerce, U.S. Census Bureau, Foreign Trade Statistics.

Baha Mar

The Baha Mar Project, owned and developed by an Armenian firm, is being billed as the largest resort development currently under construction in North America and the largest single-phase resort development in the history of the Caribbean. The \$2.6 billion, 1,000 acre development will be located 5 miles west of Nassau along a half mile stretch known as Cable Beach. In February 2011, ground was broken on the project and the entire development is expected to be completed in late 2014. When finished, Baha Mar will include:

- Six resort hotels;
- the Caribbean's largest Casino (100,000 sq. ft.);
- the largest convention center in The Bahamas (200,000 sq. ft.);
- a Jack Nicklaus signature golf course;
- a 20 acre waterpark;
- at least a dozen restaurants;
- a 50,000 sq. ft. retail village; and
- three spas, including the Caribbean's largest.



The project is being financed by the Export Import Bank of China and construction will be carried out

by a large Chinese firm, which is also investing \$150 million in the project. The Government of the Bahamas has granted temporary work permits for up to 8,150 Chinese laborers for the project (no more than 5,000 at one time). An additional 4,000 construction jobs will also go to Bahamians. Two existing hotel towers on the property will be used to house project management staff and a temporary employee housing facility will accommodate the Chinese workers.

When Baha Mar opens its doors, it will add 2,250 hotel rooms to The Bahamas' 15,000 room inventory. Between 6,000 and 7,000 new permanent jobs are expected to be added, of which 98 percent would be filled by Bahamians. Baha Mar owners also project that during the first 12 months of operation the development will attract an additional 430,000 stop-over visitors (an increase of roughly 30 percent from current levels), inject \$1 billion into the local economy, and raise the average annual income of the Bahamian family from \$29,000 to \$33,500.

Owners of the neighboring Atlantis complex, located on Paradise Island near Nassau, have reportedly put a Phase IV expansion project on hold until the Baha Mar project is completed.

Other Projects

In March 2011, a new U.S. Departures Terminal was unveiled at Nassau's Lynden Pindling International Airport (LPIA). In 2012, a new U.S./International Arrivals Terminal will debut at LPIA as well. In sum, LPIA will benefit from over \$400 million in improvements, which are scheduled to conclude by 2013, greatly facilitating tourist traffic to and from The Bahamas.

In Freeport, on the island of Grand Bahama, a Hong Kong-based conglomerate reportedly has invested millions of dollars in a new deep-water container port, cruise ship dock, industrial park, and hotel properties. Promising to revitalize Freeport as the Bahamas' primary industrial hub, the investment has already raised Bahamas' ship registry beyond the 50 million tonnage mark, the largest in the world. The Freeport container port is now the 72nd busiest container terminal in the world.

Outlook for U.S. Suppliers

This large and rapid expansion of The Bahamas' tourism infrastructure will no doubt have a positive impact on the Bahamian economy and it should also increase tourist inflows to the islands. Greater economic activity generated by the construction boom of these projects and the subsequent increase in jobs means higher disposable income for the local population as well. More tourists visiting the islands will also have a positive ripple effect throughout the economy. Consequently, the prospects for increased U.S. agricultural exports to the Bahamas have seldom been better.

Over the next several years, opportunities for U.S. suppliers should be plentiful in practically all

product categories and in both the food service and retail sectors. U.S. exporters interested in entering the Bahamian market should begin by contacting local importers (which also typically serve as wholesalers/distributors). Local importers have wide market access for imported products, have relatively large warehouse facilities which are computerized and mechanized, and possess their own fleets of trucks and vans for distribution. Most importers carry a full line of fresh, frozen, and dry products, while a few of the importers specialize in providing fresh produce, seafood, and alcoholic beverages. More information on the Bahamian food service and retail sectors can be found in the following reports: [The Bahamas HRI Food Service Sector Report](#) & [The Bahamas Retail Sector Report](#). Information on how to obtain FAS foreign buyer lists is available at <http://www.fas.usda.gov/agexport/forbuy.html>. Not to be overlooked are the opportunities for suppliers of lumber and panel products for construction purposes as well as the opportunities for suppliers of trees, ornamental plants, sod and similar products for purposes of landscaping and golf course construction. U.S. suppliers of these types of products may contact the CBATO (T: 305-536-5300; E-mail: atocaribbeanbasin@fas.usda.gov) for further information.

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